

CITY OF
HAYWARD
HEART OF THE BAY

Review of Hayward's Benefit Liabilities

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City's Four Benefit Liabilities

1. California Public Employees' Retirement System (CalPERS)
2. Other Post-Employment Benefits (OPEB) – Retiree Medical Benefits
3. Workers' Compensation
4. Accrued Leave Payouts



Benefit Funded Status

<i>(in millions)</i>	Actuarial Valuation Date	Accrued Liability	Actuarial Value of Assets	Funded Ratio	Unfunded Liability (1)	Unfunded Ratio
CalPERS Police Safety Plan	6/30/2011	\$ 254.1	\$ 194.9	76.7%	\$ 59.2	23.3%
CalPERS Fire Safety Plan	6/30/2011	\$ 206.4	\$ 161.5	78.2%	\$ 44.9	21.8%
CalPERS Miscellaneous Plan	6/30/2011	\$ 340.5	\$ 262.9	77.2%	\$ 77.6	22.8%
Retiree Medical (all groups)	6/30/2011	\$ 69.0	\$ 0.5	0.7%	\$ 68.4	99.3%
Workers' Compensation	6/30/2012	\$ 11.7	\$ 4.0	34.1%	\$ 7.7	65.9%
Accrued Leave Payouts (2)	6/30/2012	\$ 6.1	\$ -	0.0%	\$ 6.1	100.0%
Total		\$ 887.7	\$ 623.8	70.3%	\$ 263.9	29.7%

(1) The percent of unfunded liability in the chart above is based on the Actuarial Value of the Assets, which assumes smoothing over time. If the Market Value of Assets is used to perform the calculation, the CalPERS funded liability status would be 68% for Police and Misc. plans and 69.4% for the Fire plan.

(2) Accrued Leave Payouts - no actuarial valuation



CalPERS

Current Annual cost: \$22 million

Unfunded Liability: \$181.7 million

- Largest benefit liability
- Employee (EE) & Employer (ER) rate contributions
- Methodology & actuarial changes driving ER rates higher
- Rates = percentage of payroll
- Increasing 8% - 14% FY 2016 – FY 2020



CalPERS

➤ Projected rate growth with recent assumptions changes

	A	B	C	D	E
Plan	EE Rates	FY 2014 Adopted ER Rates	FY 2016 Original CalPERS Estimate	FY 2020 Rate (w/Method Change)	% Growth FY 2016 to FY 2020
Miscellaneous	8%	19.20%	21.50%	30.14%	8.64%
Police	9%	35.20%	37.30%	47.84%	10.54%
Fire	9%	33.40%	36.20%	50.84%	14.64%

EE = Employee

ER = Employer



Retiree Medical (OPEB)

Current Annual Cost: \$2.7 million (“pay as you go” current retirees)

Unfunded Liability: \$68.4 million

- Actuarial Annual Required Contribution (ARC) is \$6.5M
 - (minimum payment)
- City only funding \$2.7M
- 10-Year Plan phases in increased funding to achieve ARC
- Funding the ARC does not fully address unfunded liability



Workers' Compensation

Current Annual Cost: \$4.7 million

Unfunded Liability: \$7.7 million

- City self-insured
- Increase funding to achieve 70% - 75% funded status



Accrued Leave Payouts

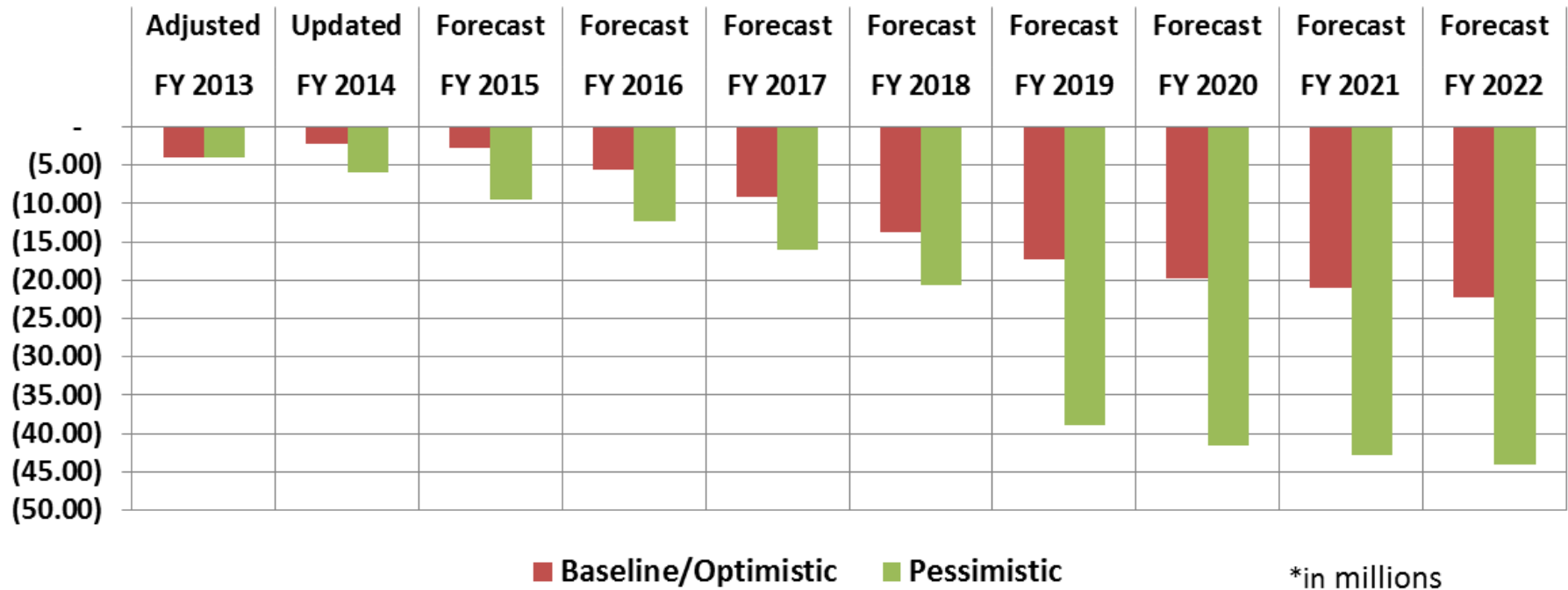
Current Annual Cost: FY 2012 = \$1.9 million (varies)

Unfunded Liability: \$6.1 million

- No current funding mechanism
- Funding through vacancy savings
- Consider building funding as a percent of payroll cost
 - 1% of non-sworn payroll
 - 2% of sworn payroll



GF 10-Year Forecast



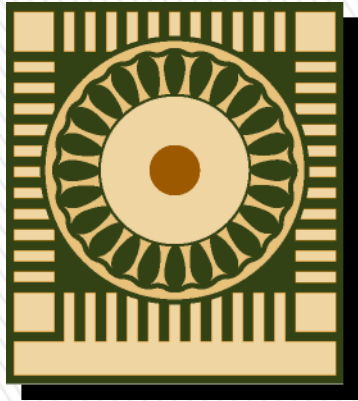
➤ Funding of benefit liabilities part of this picture



FY 2014 Budget Update Calendar

- ❖ May 7: Proposed FY 2014 Update to City Council
- ❖ May 21: Budget Work Session #1
- ❖ May 28: Budget Work Session #2
- ❖ June 4: Budget Work Session #3
- ❖ June 11: Budget Work Session #4 (TBD)
- ❖ June 18: Public hearing on operating budget
- ❖ June 25: Adopt operating & CIP budgets





Questions/Discussion

